



## Nebraska Farm Service Agency

# Producer News

October 2006

### From the SED

When FSA Administrator, Teresa Lasseter, required each state to re-view current office structure earlier this year, Nebraska FSA began the process of communicating with stakeholders and most importantly listening to field staff and our 250 farmer-elected FSA County Committee members about what criteria should be used to analyze Nebraska operations.



**Brian Wolford**  
State Executive Director

Since 1995, Nebraska FSA staffing has been reduced by 133 full time employees. Even though this situation is not unique to Nebraska FSA or to the business community, it presents very real challenges to our agency that need to be addressed.

According to Nebraska FSA workload figures each of our 81 office locations should have one additional employee that we are unable to provide.

As permanent staff positions are reduced, we are unable to backfill vacancies around the state. For example, the State FSA Committee recently considered requests from 19 offices to fill vacant positions but had only 3 positions to offer. Over time, reductions in staff positions and fewer budget dollars have raised challenges that we have addressed in the short term with temporary staff, detailed employees and shifting work to other offices; however, we are at a point where we need a longer term solution. A review of operations and office structure is under way.

Survey responses from employees and County Committee members ranked office workload as the number one criteria that should be considered when evaluating office structure for Nebraska. Serving Nebraska producers remains our mission at Nebraska FSA; however, it becomes increasingly difficult to properly staff all 81 locations. As we work to find solutions and present a plan to meet these challenges, office workload

will be a consideration in determining office structure. Other factors will also be considered and let me stress that I strongly believe every single person on our existing staff is needed to deliver all programs effectively.

Could this proposed solution mean office consolidation and changes for our customers? Yes it could, but be assured that if you are directly impacted by a proposed change in FSA office structure, you will be provided an opportunity to comment on the proposal. In the case of a consolidation, you would be given a choice as to which neighboring FSA office you want to conduct your business, regardless of whether you own or operate land in that county.

Office structure is a very difficult issue. But with over 10 years of reductions in our staff and budget, something needs to be done to better support our employees and customers with our available resources. The State FSA Committee and I are working with employees to look for solutions to these ongoing concerns. No decisions have been made at this point but we will work to keep you informed.

### Farm Storage Facility Loan Program

Producers considering expanding their on-farm grain storage should look into the Farm Storage Facility Loan Program. This low interest loan program is available to all producers of eligible commodities to help build or upgrade commodity storage and handling facilities. Eligible commodities include corn, grain sorghum, rice, soybeans, oats, peanuts, wheat, or minor oil seeds harvested as whole grain. Also eligible are corn, grain sorghum, wheat, oats or barley harvested as other than whole grain. Some of the program details include:

- Items eligible for loan are conventional bins designed for whole grain storage, oxygen limiting or upright silos designed for whole grain wet storage and silage, flat storage structures used primarily to store grain, and bunkers. Permanently affixed grain handling and drying equipment, safety equipment (ex. Ladders), electrical equipment, concrete foundations, site preparation,

materials and paid labor, are also eligible.

- Used equipment, portable dryers, scales, structures of temporary nature, or structures used for commercial purposes are not eligible.
- The loan amount will be up to 85% of the net cost of the facility, not to exceed \$100,000 per producer.
- The loan will be for a seven-year term with annual installments.
- The interest rate will be fixed for the term of the loan. The interest rate for Farm Storage Facility Loans approved in September 2006 will be 4.875%.
- A down payment of 15% is required.
- Producers are required to carry property insurance on the storage facility and also crop insurance on the facility commodity for the term of the loan.
- Loans over \$50,000 require real estate to be taken for security.
- Eligible bushel capacity is limited to two years of production minus the applicant's current available storage.
- There is a \$45 non-refundable application fee.

## **FSA Farm Loans Available**

### **Emergency Loans**

**Purpose:** The FSA may make Emergency Loans to eligible family farmers which will enable them to return to their normal operations if they

sustained qualifying losses resulting from natural disasters. To be eligible for these loans, you have to have farmed in a county designated or contiguous to a disaster area.

As of September 5, 2006, 49 counties in Nebraska have already been declared a disaster area due to drought in 2006, with another 34 counties pending approval.

**Rates:** The interest rate for the emergency loan is 3.75%.

**Terms:** Most EM loans may be for up to seven years; however, if the loan is secured only on crops, it must be repaid when the next crop year's income is received. Loans to replace fixtures to the real estate may be scheduled for repayment up to 40 years.

**Deadline:** The final date for making an application for an EM loan is eight months after the disaster is declared.

**When to Apply:** To apply for any of the direct loans, you should contact the local FSA county office staff where you plan to farm or ranch.

### ***Land Contract Pilot Loan Program for Beginning Farmers and Ranchers***

The pilot program provides the seller of the land a 10-year "prompt payment" guarantee of the sale to the beginning farmer or rancher (buyer).

If the buyer does not pay an annual installment due on the contract, or pays only part of an installment, USDA's Farm Service Agency provides the scheduled payment or the unpaid portion to the seller through an escrow agent after the seller unsuccessfully attempts collection. The defaulted amount then becomes a federal debt of the buyer.

If the buyer does not restructure the debt into a repayment plan or other FSA-approved plan, FSA may use other means to collect the buyer's debt.

The guarantee is limited to the total of two annual installments and also covers the amount of unpaid taxes and insurance for a period of two years.

To be eligible for the Beginning Farmer and Rancher Land Contract Guarantee Pilot Program, a prospective buyer must:

- Have been farming for at least 3 years and not more than 10 years;
- Not own real estate that exceeds 30 percent of the average farm size for the county;
- Provide at least 5 percent cash down payment;
- Be unable to obtain sufficient credit elsewhere without a guarantee to finance actual needs at reasonable rates and terms;
- Have an acceptable credit history demonstrated by satisfactory debt repayment; and
- Meet other requirements of the program.

Under the pilot program, the purchase price of the farm, ranch or other agricultural operation, cannot exceed the lesser of \$500,000 or its current market value as determined by FSA.

The interest rate charged to the buyer for the 10-year term of the guarantee cannot

#### **Nebraska Farm Service Agency**

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exceed FSA's direct farm ownership loan interest rate in effect at the time the guarantee is issued, plus three percentage points.

The direct farm ownership interest rate is 5.75 percent as of September 1, 2006. Rates change monthly and can be found at <http://www.fsa.usda.gov/dafl/rates.htm>.

Contract payments must be amortized for a minimum of 20 years.

In addition, balloon payments are prohibited and payments on the contract must be of equal amounts.

### **When to apply:**

To apply for any of the guaranteed loan types, you should contact your local lender.

## ***Attention Socially Disadvantaged Farmers***

FSA has a number of loan programs available to assist applicants to begin or continue in agriculture production. Loans are available for operating type loans and/or purchase or improve farms or ranches.

While all qualified producers are eligible to apply for these loan programs, the FSA has provided priority funding for members of Socially Disadvantaged Applicants.

A socially disadvantaged applicant is one of a group whose members have been subjected to racial, ethnic or gender prejudice because of his or her identity as members of the group without regard to his or her individual qualities.

For purposes of this program, socially disadvantaged groups are women, African Americans, American Indians, Alaskan Natives, Hispanics, Asian Americans, and Pacific Islanders.

If producers or their spouses believe they would qualify as socially disadvantaged, they should contact their local FSA office for details. FSA loans are only available to applicants who meet all the eligibility requirements and are unable to obtain the needed credit elsewhere.

## ***CRP Haying and Grazing***

### **Managed CRP Haying and Grazing**

Every third year, producers have the opportunity to conduct managed haying or grazing on the general CRP signup practices except CP25, Rare and Declining Habitat. Managed haying or grazing is not available on continuous CRP signup practices such as filter strips, grass waterways, etc.

The deadline for managed grazing was September 30 and for managed haying was August 31, 2005. For managed haying and grazing, there is a 25% payment reduction which will be deducted from your October CRP payment unless you've already paid it.

Managed haying and grazing required prior authorization and producers must report the actual acres hayed and grazed by September 30 to your County FSA Office. If you missed the deadline, call the office immediately.

The final date to have bales removed from CRP is October 15. If bales are not removed by the deadline, additional maintenance default penalties will apply.

After CRP haying or grazing is completed, it is a good time to conduct other management such as light disking and inter-seeding. Contact your county office for details.

### **Emergency CRP Haying and Grazing**

This year all or parts of 53 Nebraska

counties qualified for emergency CRP haying or grazing (located primarily in western and northeastern Nebraska). The general CRP signup practices except CP25, Rare and Declining Habitat, are eligible for emergency haying and grazing. Emergency CRP haying and grazing does not apply on continuous CRP signup practices.

For emergency CRP haying and grazing, there is a 10% payment reduction which will be deducted from the October CRP payment unless already paid.

Emergency CRP haying and grazing required prior approval and producers must report the actual acres hayed or grazed by September 30 to your County FSA Office. If you missed the deadline, call the county office immediately.

The final date to have bales removed from CRP is October 15. If bales are not removed by the deadline, additional maintenance default penalties will apply.

After CRP haying and grazing is completed, it is a good time to conduct other management activities such as disking and inter-seeding of grass and/or legumes. Contact your county office for details.

## ***2007 NAP Sign-up Deadline for Grass, Certain Perennial Crops***

The Non-Insured Crop Disaster Assistance Program (NAP) can soften financial losses caused by natural disasters, but only if you've applied for coverage and paid the application fee. The application deadline dates for certain 2007 NAP crops are as follows: Dec. 1 for apples, asparagus, cherries, grapes, honey and plums; and March 15, 2007 for barley, oats, potatoes and spring seeded vegetables.

NAP kicks in when natural disasters result in a catastrophic loss of production or prevented planting of an eligible crop.

NAP coverage is equivalent to that provided Catastrophic Risk Protection Plan (CAT)



insurance and is available for commercial crops or agricultural commodities produced for food or fiber for which CAT is not available. NAP coverage is not available for livestock.

Producers with NAP coverage must remember to complete the following to qualify for benefits:

- Timely file acreage reports and keep track of harvested production using acceptable methods.
- File a Notice of Loss within 15 days of when the loss is apparent.

## Reporting Non-insured Crop Losses

If you've applied for coverage under the Non insured Crop Disaster Assistance Program (NAP) and suffer a loss or damage, don't forget that your local county office staff must be notified within 15 days of the:

- latter of the occurrence of prevented planting or end of the planting period, or
- disaster occurrence or date damage to the specific crop acreage is apparent to the producer.

The timely reporting of a loss or damage is important. Failure to timely file a notice of loss can result in a determination of ineligibility for NAP payments.

Late-filed reports may be approved only if the cause and extent of crop damage can be determined by a field inspection.

A notice of loss must be filed on a form CCC-576. Separate CCC-576s must be filed for each crop and type, or variety of the crop, affected by a weather-related event or adverse natural disaster occurrence.

Subsequent weather events affecting the same crop must also be reported, but will be documented on the previously filed CCC-576.

A field inspection of your acreage may be necessary. If so, the county office staff will generally schedule one within five calendar days of the date of the notice of loss.

If you plan to destroy the crop, the entire acreage

## Dates to Remember

|           |   |
|-----------|---|
| Oct. 2    | 2006 DCP sign up begins   |
| Oct. 9    | Columbus Day Holiday. FSA offices closed.   |
| Nov. 8    | County Committee ballots mailed to voters   |
| Nov. 10   | Veterans Day Holiday. FSA offices closed.   |
| Nov. 23   | Thanksgiving Holiday. FSA offices closed.   |
| Dec. 1    | NAP application closing date for apples, asparagus, cherries, grapes, honey and plums |
| Dec. 6    | Last day to return county committee election ballots                                  |
| Dec. 25   | FSA offices closed for Christmas holiday  |
| Continues | Farm Storage Facility Loans   |

must first be inspected.

Acreage destroyed prior to an inspection or without consent of the county office staff will be ineligible for payment.

## Direct and Counter-cyclical Payments

**2005 Final Counter-cyclical Payments** have been issued for sorghum. The final payment rate for sorghum of \$.27 minus applicable advances was issued in September. A final corn payment rate will be announced and issued during October 2006.

**2006 Final Direct Payments** will be issued in October 2006. Final payment rates are listed in this newsletter less the applicable advance payment. The 2006 advance payment rate changed from 50% to 40% on February 8, 2006.

**2006 Advance Counter-cyclical Payments** will be announced in October 2006. Program participants who elected the advance will receive 35% of the projected payment in October 2006 and another 35% in February 2007.

## 2006 Acreage Spot Check Determinations and Notification

Each year the Farm Service Agency completes spot checks of acreage reports. Acreage reports are the basis for delivery of many farm programs. Acreage spot checks are completed to ensure accurate acreage reports are used for farm programs.

FSA will spot check acreages on over 10 percent of the farms in each county. Color imagery flown in August 2006 will be used to complete all acreage determinations.

All 2006 acreage spot checks will be completed using the FSA Geographic Information System official acreages. After farms are spot checked, a Notice of Determined Acreage will be sent to the farm operator.

Notification will be issued by FSA as spot checks are completed this fall and winter. Questions concerning determined acreages should be directed to your local FSA office.

## 2007 Farm Record Changes

If you have sold or bought land, changed a farm operator or rented additional land for 2007, please notify your Farm Service Agency office so farm records can be updated. Also, when land is purchased you need to provide the office

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## 2007 Direct and Counter-Cyclical Program

That hint of autumn in the air means it's time to enroll in the 2007 Direct and Counter-cyclical Program. Your county office staff will begin accepting new Direct and Counter-cyclical Program Contracts (CCC-509) on October 2. Contact them for an appointment.

Several documents are required and applicable determinations must be made before the county committee can approve a producer's share on the contract for payment.

Required documents include a farm operating plan (CCC-502 and related forms), an average adjusted gross income certification (CCC-526), and a certification of compliance with highly erodible land and wetland conservation provisions (AD-1026).

A certification of the acreage of *all* cropland on the farm (FSA-578) is required before final payments can be issued.

Signing up for DCP makes producers eligible for direct and counter-cyclical payments for eligible commodities.

**Direct Payments** Participants receive direct payments for eligible commodities. These payments are based on acreage bases and yields established in 2002.

Direct payment for each crop equals 85 percent of the farm's base acreages *times* the farm's direct payment yield *times* the direct payment rate. Here's an example of how the direct payment for corn is calculated.

|                            |                            |
|----------------------------|----------------------------|
| Base acres planted to corn | 100 acres                  |
|                            | <u>x 85%</u>               |
| Payment acres              | 85 acres                   |
| Direct payment yield       | x 110 bushels              |
| Direct payment rate        | <u>x \$0.28 per bushel</u> |
| Direct payment             | \$2,618.00                 |

Producers may elect to receive their direct payments in two installments. The first payment for the 2007 DCP contract, available in December

2006, is 22 percent of the total payment.

The balance of the total direct payment will be issued in October 2007. Producers who do not elect to take the advance payment will receive the entire payment in October 2007. This advance direct payment rate is a change from previous years.

**Counter-cyclical Payments** (CC) provide producers with a safety net. These payments kick in only when the effective price for a commodity falls below its target price. See the accompanying table for 2007 crop year target prices.

The counter-cyclical payment rate is the amount by which the target price exceeds the effective price. The effective price for a commodity equals the direct payment rate plus the *higher* of the national average market price received by producers during the marketing year (see example below).

Example: If the national average market price for soybeans is \$5.10 per bushel:

|                       |               |
|-----------------------|---------------|
| Direct payment rate   | \$0.44        |
| Average market price* | <u>+ 5.10</u> |
| Effective price       | \$5.54        |

|   |                 |
|---|-----------------|
| Target price  | \$5.80          |
| Effective price   | <u>- \$5.54</u> |
| Counter-cyclical payment rate   | \$0.26          |
| (*Average market price is used since it is higher than the national loan rate.) |                 |

The counter-cyclical payment equals 85 percent of the farm's base acreage *times* the farm's counter-cyclical payment yield *times* the counter-cyclical payment rate.

Here's an example using soybeans and a counter-cyclical payment rate of \$0.26 per bushel.

|                  |                            |
|------------------|----------------------------|
| Base acres       | 100 acres                  |
|                  | <u>x 85%</u>               |
| Payment acres    | 85 acres                   |
| CC payment yield | x 40 bushel                |
| CC payment rate  | <u>x \$0.26 per bushel</u> |
| CC payment       | \$884.00                   |

Counter-cyclical payments are not available for other oilseeds because the sum of their national loan rate and direct payment rate is equal to or greater than their target price.

**Timing of Payments** Producers may elect to receive up to two counter-cyclical payments for the 2007 year. This is a change from prior years.

For 2007 DCP contracts, the first partial payments are available in October 2007 and cannot exceed 40 percent of the total projected payments.

The final payment is made after the end of the marketing year for the crop.

Producers who do not elect to receive the first advance payment will receive the entire counter-cyclical payment after the end of the marketing year.

Producers must refund any counter-cyclical payments that exceed the actual counter-cyclical payment for a crop.

| DCP Direct Payment Rates |                    |
|--------------------------|--------------------|
| Barley                   | \$0.240 per bushel |
| Corn                     | \$0.280 per bushel |
| Grain Sorghum            | \$0.350 per bushel |
| Oats                     | \$0.024 per bushel |
| Other Oilseeds           | \$0.800 per cwt.   |
| Soybeans                 | \$0.440 per bushel |
| Wheat                    | \$0.520 per bushel |

| Target Prices  |                   |
|----------------|-------------------|
| Barley         | \$2.24 per bushel |
| Corn           | \$2.63 per bushel |
| Grain Sorghum  | \$2.57 per bushel |
| Oats           | \$1.44 per bushel |
| Other Oilseeds | \$10.10 per cwt.  |
| Soybeans       | \$5.80 per bushel |
| Wheat          | \$3.92 per bushel |

## Power of Attorney for DCP/eLDP

FSA now has the ability to establish a representative role for an individual to submit electronic eLDP and DCP applications on behalf of an owner or producer. The individual entitled to act for the owner or producer must have an unlimited power of attorney on file with the Farm Service Agency. Producers or individuals having unlimited power of attorney can request eLDP/DCP access at their local FSA office.

## **Requesting LDP Benefits**

The CCC-633 EZ is a two-part form available to you to request loan deficiency payments. The CCC-633 EZ is a two-part form consisting of multiple pages. The CCC-633 EZ:

- page 1 includes terms and conditions, and serves as your intention to request and receive LDP benefits
- page 2 is the applicable request for feed grains, minor oilseeds, honey and pulses
- page 3 is applicable to cotton
- page 4 is the applicable request for wool, mohair and unshorn pelts.

Page 1 indicates your intention to receive LDP benefits before losing beneficial interest. Many producers file this page during crop certification. However, it must be filed before you lose beneficial interest.

Depending on your commodity, pages 2 through 4 of the CCC-633 EZ must be completed to request the actual LDP benefit. The LDP rate will be based on the earlier of the date beneficial interest is lost or the LDP request date; unless you requested date of delivery.

For the 2006 crop year, the CCC-633 EZ must be completed to receive LDP benefits. The CCC-633 LDP and CCC-709 forms are obsolete and will not be accepted as a valid LDP request. Since the CCC-633 EZ will be the only LDP form accepted, both pages of the form must be received in the office in order to receive your LDP. Remember, page 1 **must** be filed before losing beneficial interest in the applicable crop. Contact your local county office for details regarding the form's use.

## **Price Support Payment Limitation Issues**

It is not the responsibility of Farm Service Agency employees to maintain totals of benefits (e.g., marketing

assistance loans and loan deficiency payments) to inform you of payment limitation earnings. Determined person or persons are responsible for keeping track of their own limitation based upon their submitted applications.

The gain earned from the commodity loan redemption using commodity certificates does not apply toward the payment limitation. The option to lock in a posted county price is not available for locking in a commodity certificate rate.

The rate for the purchase of commodity certificates is based upon the daily posted county price on the date you purchase the commodity certificates. The commodity certificates must be redeemed on the same day they are purchased.

You cannot lock in a posted county price for later use of loan repayment and expect to use commodity certificates using the lock-in rate.

## **LDPs for Silage or Hay**

A number of producers are harvesting commodities as silage or hay, and that has raised questions about applying for marketing assistance loans and loan deficiency payments.

When loan commodities are harvested as other than grain (silage or hay), they are not eligible for commodity loans, but they are eligible for LDPs as long as they are mechanically harvested.

For purposes of LDPs, loan commodities harvested as silage or hay are treated the same as those harvested as grain.

The producer must retain beneficial interest through the date the LDP is requested to receive the rate on the date of request. LDPs must be requested on a form CCC-633 EZ LDP.

## **Deadline for LDPs on Unshorn Lamb Pelts**

Eligible producers have until Jan. 31, 2007, to apply for loan deficiency payments for wool or unshorn pelts produced during the 2006

crop year.

Eligible producers must have beneficial interest in the wool or pelts, owned the lamb for at least 30 calendar days before the date of slaughter and sell the unshorn lamb for immediate slaughter.

Producers must also comply with wetland conservation and highly erodible land conservation provisions on all lands they operate or have interest in.

To qualify for payment, pelts must have been produced by an eligible producer from live unshorn lambs of domestic origin in the United States. Use page 1 and page 4 of the CCC-633 EZ to request LDP benefits.

## **Marketing Assistance Loans, LDPs**

Marketing assistance loans and loan deficiency payments can mean the difference between a good year and a not-so-good year for producers. With that in mind, it's important to comply with the rules.

To be eligible for loans and LDPs, producers must:

- comply with conservation and wetland protection requirements;
- report how they use their cropland acreage on the farm;
- have beneficial interest in the commodity on the date the loan or LDP is requested and, in the case of a loan, retain beneficial interest while the loan is outstanding;
- ensure that the commodity meets CCC minimum grade and quality standards.

Beneficial interest means the producer retains control, which allows them the ability to make day to day decisions about the commodity and has title to the commodity.

Once beneficial interest in a commodity is lost, the commodity is ineligible for loan or LDP - even if the producer regains beneficial interest.

For commodities to be eligible for loans or LDPs, they must have been produced by an eligible producer, be in existence and in a storage condition and be merchantable as determined by CCC. Producers must maintain the quality of the commodity in farm storage throughout the term of the loan.



Substituted grain is not eligible for price support. If a commodity a producer wants to pledge as collateral for loan or LDP is not the grain produced and harvested by the eligible producer, but was merely exchanged for a quantity of the commodity produced and harvested by the eligible producer, it is ineligible for Price Support because it is a substitution.

Another example would be where grain is shipped direct delivery off the farm and not dumped at the warehouse but the producer is given a storage position at the elevator. Since the grain is not physically deposited at the warehouse it would be considered substitution and be ineligible for price support.

Starting with the 2003 crop, individuals and entities whose previous three-year average adjusted gross income, or AGI, exceeds \$2.5 million are ineligible for LDPs and market loan gains unless they can show that at least 75 percent of their AGI comes from agriculture.

The 2002 Farm Bill set limits on payments a "person" can receive. The total of LDPs and market loan gains received by a producer is limited to \$75,000 for each crop year.

Participation in the Direct and Counter-cyclical Program is not required to be eligible for loans or LDPs. However, the crop acreage must be certified.

Violating provisions of the loan and LDP program may trigger administrative actions, such as assessing liquidated damages, calling the loan and denial of future farm-stored loans and LDPs.

The most common violations are removing or disposing of a commodity being used as loan collateral without prior authorization or providing an incorrect quantity certification.

### **eLDP Service Available**

Producers who are connected to the Internet can now stay home and apply for an Electronic Loan Deficiency Payment, or eLDP, for stored grain 24 hours a day, seven days a week. The producers will receive approval and payment by direct deposit within 48 hours.

To participate in the new service, you must meet all eligibility requirements for

marketing assistance loans and LDPs for the commodity. You must also establish a customer profile at the county office.

You must have an active USDA eAuthentication Level 2 account which requires filling out an online registration form at <http://www.eauth.egov.usda.gov/>, followed by a visit to the county office for identify verification.

Create your customer profile request at the county office and provide the quantity of grain in storage you wish to eLDP. A CCC-633EZ (page 1) should also be completed.

You must have an e-mail address, direct deposit and set up a customer profile through the county Farm Service Agency office. The voluntary eLDP service has stringent security measures to protect your private information.

### **Wool, Mohair Loans, LDPs**

Producers have until Jan. 31, 2007, to request loans or loan deficiency payments for 2006 crop wool and mohair that have not yet been marketed and remain in storage.

To be eligible for a nine-month marketing assistance loan or LDP for wool or mohair, producers must demonstrate compliance with wetland and highly erodible land conservation requirements.

### **Foreign Landowner Notification**

Foreign investors who buy, sell or hold a direct or indirect interest in U.S. agricultural land must report their holdings and transactions to the U.S. Secretary of Agriculture. The reporting requirement became law in 1978 when the Agricultural Foreign Investment Disclosure Act (AFIDA) was signed into law.

Failure to timely file an accurate report can result in a penalty with fines up to 25 percent of the fair market value of the agricultural land.

**Who Must Report** Individuals who are not U.S. citizens or citizens of the Northern Mariana Islands or the Trust Territory of the Pacific Islands. Individuals who are not lawfully admitted to the United States for permanent residence or who

are not paroled into the United States under the Immigration and Nationality Act. Any organization created under the laws of a foreign government or which has located its principal place of business outside the United States. Any U.S. organization in which a significant interest or substantial control is directly or indirectly held by foreign individuals, organizations, or governments. Any foreign governments.

Foreign persons, who owned land on Feb. 1, 1979, were required to report by Aug. 1, 1979.

Those buying or selling land on or after Feb. 2, 1979, must report the transaction within 90 days of the date of the transaction.

**Where to Report** The Secretary of Agriculture designated the Farm Service Agency (FSA) to collect the FSA-153 reports representing foreign investment. The completed form must be returned to the FSA county office where the land is located.

### **Beginning Farmers or Ranchers Loans**

Beginning farmers or ranchers can get a "regular" farm ownership loan by using funds set aside especially for them by the Farm Service Agency. These loans finance up to 100 percent of the land's purchase price (up to the \$200,000 loan limit), and the term of the loan can be up to 40 years.

The interest rate can be either the "regular" rate of 5.75 percent (as of September 1, 2006) or the "limited" resource" rate of 5.00 percent (as of September 1, 2006).

The regular farm ownership loan funds may also be used in joint financing where FSA lends up to 50 percent of the amount financed and another lender provides 50 percent or more. FSA may charge an interest rate of not less than 4 percent with terms up to 40 years.

### **Beginning Farmer Down Payment Ownership Program (10-40-50)**

**Purpose:** Obtain help financing the purchase of a farm up to \$250,000 of the purchase price or the appraised value whichever is less. The applicant must put down 10 percent. The Farm Service Agency finances up to 40 percent of the purchase price. The remaining 50 percent of the purchase price can be financed on contract with the seller or through a conventional lender. The lender can obtain a guarantee from FSA if the customer is eligible.

**Rates:** The FSA loan for 40 percent will be locked in for the full 15 years. Currently the rate is 4 percent. The loan for the balance of 50 percent should be the rate the contract holder or lender would charge an average customer.

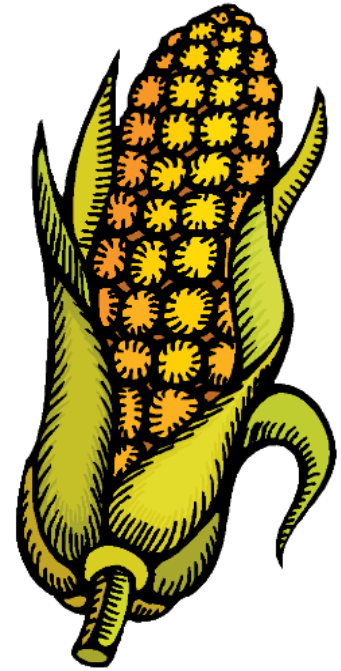
**Qualification:** Beginning farmer applicants must have been farming for at least three years and not more than ten. Applicants cannot own real estate that exceeds 30 percent of the average farm size for the county.

## Direct Operating Loans

**Purpose:** Obtain up to \$200,000 to finance your farm business. This includes annual operating and family living expenses, machinery, or breeding livestock purchases, refinance debts other than FSA (incurred for authorized operating purposes), and real estate improvements or repairs (limited to \$15,000 per year).

**Rates:** The interest rate is the rate in effect at the time of loan approval or loan closing whichever is lower. Rates are posted on a monthly basis. The current interest rate (September 1, 2006) is 4.5%. Refer to FSA staff for information.

**Terms:** The term of the loan can not exceed seven years from the date the loan is closed.



PRESORTED STANDARD  
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Nebraska Farm Service Agency  
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